

Intelligence in Central America

To enable you to evaluate the significance of our current intelligence on what is happening in Central America, I would like to provide a little historical background as well as a brief review of how our intelligence picture has evolved.

The Sandinistas have attempted to portray the United States as hostile to their revolution from the moment they ousted Somoza in July 1979. This is false. We immediately recognized the new regime and took steps to help it rebuild the country. During the first year of the Sandinista regime, we provided or supported in the World Bank \$400 million of aid and soft credits to the Sandinista regime.

Despite this, from the very beginning the Sandinistas began to build a totalitarian state with close ties to Cuba and the Soviet Union. Within a week after the Sandinistas' takeover, Cuba had some 100 military and security personnel in Nicaragua. Three months later, by October 1979, this figure had increased to 200. Today, Nicaragua "hosts" 7,000-10,000 Cubans, including 2,500-3,500 military and security advisers, and many high-level Sandinistas have counterpart Cuban advisers. Cubans have trained virtually all Nicaraguan recruits in the General Directorate of Sandinista State Security, the new State police organization responsible for maintaining Sandinista control over the populace.

From the beginning, the Sandinistas began to spread revolution to El Salvador and to assist leftist insurgencies elsewhere in the region. Castro brought the five Salvadoran guerrilla factions together in Managua to

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work out a unity pact just as Castro had brought the three main Sandinista factions together in 1978. The Sandinista leaders flatly promised that they would spread the example of Nicaragua beyond El Salvador to Honduras, Guatemala and the entire region. One of the principal guerrilla leaders said, "The revolutionary process in Central America is a single process. The triumphs of one are the triumphs of another. Guatemala will have its hour. Honduras its. Costa Rica, too, will have its hour of glory. The first note has been heard in Nicaragua."

The Sandinistas began training guerrillas from El Salvador and other Central American countries. This was the beginning of a steadily expanding partnership between Cuba and the Sandinistas in exporting subversion in the region--a partnership that has included the establishment in Nicaragua of numerous guerrilla training camps, like the one shown here, the transportation of tons of weapons and the establishment on Nicaraguan territory of guerrilla command and control facilities along with a variety of propaganda and covert activities. In April 1980, Salvadoran guerrilla leaders met in the Hungarian Embassy in Mexico City with representatives of Cuba, the USSR, Bulgarian, East Germany, Poland and Vietnam. In June and July 1980, the Salvadoran communist leaders went to Moscow and then with Soviet endorsement visited East Germany, Bulgaria, Vietnam and Ethiopia--all of which promised them military and other support. The commitment of weapons was estimated at about 800 tons. The Salvadoran insurgents use American weapons left behind in Vietnam.

To complement their subversive activities in Central America, the Soviet Bloc and Cuba began in early 1980 to launch a massive propaganda and disinformation campaign. Initially, at least, the campaign focused on US policy toward El Salvador,

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although it also came to include US involvement with Guatemala and Honduras. Captured Salvadoran insurgent documents reveal that the guerrillas coordinate their international activities out of Mexico City, and that they were in close contact with the Soviet and other Bloc embassies.

The Soviets and Cubans held a key meeting with Salvadoran insurgents in June 1980 to establish a propaganda strategy. It included:

- Emphasis that the insurgents are fighting military oppression.
- A concerted effort to gain recognition and support from European and Latin American political parties and international humanitarian and church organizations.
- Attempts to strengthen ties with US congressmen and sectors of the US labor movement.

Meetings in Havana and Mexico City laid out the channels and the propaganda themes to be spread around the world. During 1981, some 80 mass meetings were held ranging from 15 people in Adelaide, Australia, to 75 people in Vancouver, to a few hundred in Edinburgh, a few thousand in Amsterdam, and 15,000 in Frankfurt. This process could only be carried out through the apparatus that the communists have put together in the world peace movement, student groups, unions, etc. There is no way a small Central American country or even Cuba could mount a worldwide propaganda campaign of this kind. Today the Salvadoran guerrillas, with less than 10,000 men in the field and little popular support, have official propaganda representatives in over 35 countries around the world.

By December 1980, the Carter Administration decided to hold up US aid disbursements to Nicaragua when the Sandinistas ignored repeated warnings that their support to revolution in other countries would jeopardize our continued assistance.

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During 1981, Castro moved to unify insurgent groups in Honduras, Guatemala and Costa Rica in exchange for Cuban arms. Cuba and Nicaragua have also sponsored terrorist actions in each of those countries.

-- In Honduras, Castro replaced all members of the Communist Party who opposed immediate commitment to armed struggle. In 1982, Honduran leftists were involved in numerous terrorist incidents, some in cooperation with Salvadoran guerrillas. Last year events took a more ominous turn, as Nicaragua sent across the border a group of 100 Cuban trained Hondurans to establish an insurgent infrastructure. The Hondurans captured almost all of them. Recently we have reporting that several hundred Cuban and Nicaraguan agents are being infiltrated into Honduras.

-- In Guatemala, Cuba has trained several hundred insurgents and provided them with money and a large amount of arms. Nicaragua has trained Guatemalan insurgents and facilitated arms transfers and travel to Cuba for more specialized training.

-- In Costa Rica, Havana and Managua have been cultivating ties to the Community Party since the Sandinista takeover. They have sponsored various acts of terrorism, including bombings, kidnappings, and attempted assassinations in an effort to promote dissension and undermine the democratic government there.

During 1981, Managua became an international center with Soviets, Cubans, East Germans, Bulgarians, Palestinians, Vietnamese, Libyans and North Koreans working to export revolution from Nicaragua. Our government recognized that all of Central America had become the target of a regionwide subversive attack spearheaded by the Soviet Bloc.

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In March of 1982, the Salvadoran guerrillas did their best to spoil the election there by intimidating the voters. Over 80 percent of the people came out to vote despite threats from the guerrillas.

The insurgents are now concerned about the results of another successful election next week with a large turnout. They will try to discredit it, and it is now clear that they will be taking military actions during the election time and through the second round of balloting over the next six weeks.

The guerrillas will continue their military campaign against the government:

- Attacking major strategic targets, such as bridges, dams and power stations, in the west as well as in the east.
- Attacking large military units and outposts, when they can set up a favorable situation on the ground.
- Carrying out terrorism in San Salvador itself.

Their aim likely is to strike at army morale, to erode public confidence in the military and in the government, to capture international attention, and in all this to overshadow the elections--to make them seem unimportant compared to guerrilla initiatives--possibly not targeting the balloting per se or voters going to the polls.

The guerrillas have good capabilities for doing this:

- Their combat effectiveness is high. They are well trained, they have good communications and intelligence, and they take advantage of their experience to improve their tactics and strategy. They seem often to have the initiative, controlling the terms and the pace of engagements with government troops.

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-- Despite all this, they lack widespread popular support in El Salvador. They have not yet held a major city nor can they tie down or defeat a major military unit.

Over the last year, the guerrillas have succeeded in arming and training and incorporating into their military units large numbers of militia, about 4,000, we used to view as support forces. This has resulted in a more unfavorable ratio of government forces to guerrillas, roughly 4:1. The government needs to have a larger force to defeat the guerrillas and restore order to the country. For instance, the government will not put ballot boxes in 72 of 261 towns because of its inability to provide adequate security. This makes it all the more important to them that the army keep the initiative in the rest of the country.

The army is conducting sweeps in northern and eastern El Salvador designed to disrupt guerrilla plans for the election. Guerrilla base camps are again being attacked and the government has seized towns the guerrillas have been holding.

We have a tactical stalemate in El Salvador which is likely to continue as long as outside support continues to both sides at current levels. The strength and durability of the guerrillas depends on their safehaven in Nicaragua: the guerrilla command being there, the guerrillas being trained there--and in Cuba--and the supply of arms and ammunition coming from Nicaragua to the guerrillas in El Salvador.

In Nicaragua, starting in 1981 a strong resistance force developed and now is operating in much of the country outside the major cities in the east and along most of the Pacific Coast.

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Over these last two years, the Nicaraguan opposition has turned in a remarkable performance in building an increasingly effective resistance force. More than 10,000 anti-Sandinista guerrillas are fighting in Nicaragua now, and this month another 3,000 ralliers will be receiving arms. The growth in anti-Sandinista numbers has been accomplished because resistance has been stimulated by continuing Sandinista repression and by defections from the Sandinista ranks.

The resistance is demonstrating a growing capability to bring pressure on the Sandinistas in all parts of the country. Over the past three months, the FDN has made significant progress in moving deeper into Sandinista territory. Some areas of the country have been swept of Sandinista presence. The FDN has conducted heavy fighting and seized temporary control of towns and areas in the north central region, where we have seen increased discontent, disorganization and desertions among the Sandinista troops.

The FDN has developed particular strength in the center of the country around Matagalpa. The fighting there has hampered the coffee harvest. The Miskito Indians and ARDE forces can threaten and interrupt the only lines of road transport between the Atlantic coast ports and Managua. The Sandinista government has shut down construction on the highway from Matagalpa to Puerto Cabezas because of fighting. It has curtailed traffic on Atlantic coastal rivers because of the insurgent presence there.

The resistance has demonstrated an ability to strike into the populated areas and to attack military garrison headquarters, supply depots, and a Nicaraguan tank part inside Nicaragua. In recent weeks, there have been successful attacks on a command center in Nicaragua for the Salvadoran

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guerrillas, on a Salvadoran arms transshipment post and radio transmission center in Nicaragua, and insurgent teams have conducted air-sea raids on supply depots in Nicaragua of the Salvadoran guerrillas.

Mines have been placed on the Pacific harbor of Corinto and the Atlantic harbor of El Bluff, as well as the oil terminal at Puerto Sandino. This, together with damage to oil pipeline and storage facilities, has impaired the mobility of Nicaraguan forces and brought them close to running out of crude oil and aviation gas and other refined products. The Nicaraguan airline at the end of last week announced a 30 percent reduction in its international flight schedules.

All this has caused considerable disruption of the Nicaraguan economy. This resistance activity has contributed significantly to the government deficit of \$550 million, and that the Nicaraguan government has concluded that resistance activity in the north has led owners of small and medium-sized farms to cooperate with the resistance because the Sandinistas cannot protect them. Last week, Daniel Ortega, leader of the Sandinista junta, said that damage done by the resistance force amounted to 1/3 of their exports.

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[redacted] these paramilitary activities are having a demoralizing psychological effect on the once competent Sandinista Directorate as evidenced by several developments:

-- Nicaraguan recognition of the failure of a full-scale military operation "Sandino Lives" in the northeast due to large-scale troop deserter caused by lack of supplies.

-- The desertion of a full battalion of 260 Sandinista troops to Pastora.

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-- Apparent reduction in Nicaraguan support for the Salvadoran insurgents.

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-- Allegations of enforced drug use among EPS troops in order to improve combat performance.

-- Court martial of 150 Sandinista officers and NCOs ostensibly for abuse of campesinos but in reality for failure to fight resistance forces aggressively in the north central area. A Cuban mission is investigating this failure.

-- High concern in Managua about increased support of the resistance by the population.

The insurgency in Nicaragua has diverted support to the Salvadorans in a number of ways:

-- The demonstrated ability of the Nicaraguan resistance to threaten land and sea supply routes and attack supply depots in Nicaragua has made it more difficult to get arms to the Sandinistas.

-- The Sandinistas have been forced to divert attention and weapons to fighting the resistance and Nicaraguan arms have been lost in combat and in desertions of Nicaraguan soldiers and militiamen to the resistance. There is a steady increase in desertions from the Nicaraguan army and military.

We have been watching closely the evidence to support the claims of the Sandinistas that they have moved the FMLN command out of Nicaragua and that they have stopped supplying the guerrillas.

heads of the five guerrilla factions recently visited El Salvador and may

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indeed be planning to move to El Salvador. Right now, we believe they are free to return to Nicaragua when they choose to.

[redacted] Salvadoran insurgent units still

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asking for additional shipments of weapons and ammunition to be sent from Nicaragua. [redacted] supplies are coming in from Nicaragua by air and by sea. [redacted]

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Last fall the insurgents were told by Cuba and by Nicaragua to conserve their resources because the flow of material from Nicaragua to El Salvador might have to be curtailed. The reason given in this case was not a change in Sandinista policy but rather that the supplies had to be diverted to Nicaraguan troops fighting insurgents inside Nicaragua.

The Salvadoran guerrillas indicate that they are suffering from a shortage of funds and their flow of supplies has diminished; however, we believe they have enough supplies on hand to sustain an offensive operation for some months.

In addition to the covert means by which Cuba and Nicaragua have been attempting to destabilize the region, they have embarked on a massive buildup of their conventional armed forces.

-- Over the past five years, the USSR has increased both the quality and quantity of its military aid to Cuba. Cuba's Navy has received Soviet submarines, frigates, guided-missile patrol boats, and amphibious landing ships.

-- Most the Cuban Air Force's older fighters have been replaced with modern MIG-21s and MIG-23s.

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-- In addition, Cuba's ground forces have received hundreds of new tanks and artillery pieces, and enough small arms and ammunition to equip more than half a million members of its territorial militia.

Cuba's armed forces pose only a marginal threat to US territory, but their ability to project military power into Central America and the Caribbean Basin has been enhanced.

-- Cuba now has a capability to interdict shipping entering and exiting the Caribbean and the Gulf of Mexico, and in time of war could hinder the United States' ability to reinforce our allies in Europe.

The Sandinistas have been undertaking a similar buildup of their own.

-- Since taking over from Somoza, they have built or expanded over 40 major military facilities, including Army garrisons and airfields.

We believe that Soviet MIG-21s have been delivered to Cuba earmarked for Nicaragua and that Nicaraguan pilots have been trained to fly them.

-- We have warned the Soviets and Cubans not to deliver MIG-21 aircraft to Nicaragua, because they have sufficient range to threaten the Panama Canal.

-- Nevertheless, the Sandinistas have received large numbers of Soviet weapons, including tanks, artillery, and combat helicopters.

-- Their active duty armed forces are now the largest in the region, and their stated goal is to match the combined armies of Guatemala, El Salvador, and Honduras.

The Cuban and Nicaraguan military buildups, both done with extensive Soviet Bloc support, are designed to protect their regimes from external threats while they continue to export revolution.

-- Should they succeed in El Salvador, Honduras and Guatemala would undoubtedly be the next targets.

-- Success in Guatemala would bring a radical regime to Mexico's southern border.

-- And Mexico, with its large oil fields and severe economic difficulties, would be an inviting target for destabilization by radical leftists.

What do these threats mean for America's future--and for American business?

-- For one thing, should Central America fall under leftist control, it could mean a tidal wave of refugees into the US.

-- Every country that has fallen under Communist control since World War II has sent refugees streaming over the borders--first Eastern Europe, then Cuba, and more recently Vietnam and Afghanistan--and the potential influx from Central America is even higher than from any of these. Since 1980, some 200,000 Salvadorans fleeing the instability in their own country have entered the US illegally. The tide from Mexico has been even greater. Some 300,000 Mexicans illegally entered this country in 1983 alone.

Today, the Cuban and Nicaraguan security force are together four times the size of those of Mexico and equipped with vastly superior weapons. If Central America were controlled and militarized to the extent that Cuba is, we would see a mighty force of better than half a million armed men in Cuba and south of the Mexican border. Today, with armed force larger and better equipped than the rest of Central America put together, Nicargua could walk through Costa Rica which has no army to Panama and Cuba can threaten our vital sea lanes in the Caribbean.

It is clearly in America's--and American business'--best interests to help governments and business leaders in Mexico and Central America turn back the revolutionary threat and develop the political, social and economic institutions conducive to the well-being of the 100 million people in the region.

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